

## Message Text

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51

ACTION EB-07

INFO OCT-01 ARA-06 EUR-12 ISO-00 XMB-02 TRSE-00 COME-00

INT-05 AID-05 OPIC-03 L-02 SS-15 NSC-05 CIAE-00

INR-07 NSAE-00 /070 W

----- 027472

R 051732Z MAY 75

FM AMEMBASSY BONN

TO SECSTATE WASHDC 9857

INFO AMEMBASSY BRASILIA

AMCONSUL RIO DE JANEIRO

AMCONSUL SAO PAULO

C O N F I D E N T I A L BONN 07242

PASS EXIM AND TREASURY FOR CANNER

E.O. 11652, GDS

TAGS: EFIN, ETRD, EIND, GW

SUBJECT: STEEL EXPANSION PROGRAM: GERMAN FINANCING

REF: (A) BONN 7011, (B) BRASILIA 3230

1. ECONMIN OFFICIALS HAVE PROVIDED ADDITIONAL INFORMATION REGARDING THE FRG FINANCING OF STAGES 2 AND 3 OF THE BRAZILIAN STEEL PLANT EXPANSION, SOME OF WHICH CORRECTS INFORMATION GIVEN EARLIER BY THESE OFFICIALS AND REPORTED REFTEL A.

2. FOR STAGE 2 OF THE EXPANSION THE FRG OFFERED A DM 200 MILLION HERMES GUARANTEE TO A CONSORTIUM OF GERMAN COMMERCIAL BANKS (VICE \$L80 MILLION REPORTED REFTEL A). THIS GUARANTEE WAS FOR A LINE OF CREDIT. ECONMIN OFFICIALS STATE THAT THEY CAN NOT GIVE A DEFINITE INTEREST RATE WHICH HAS BEEN CHARGED FOR DRAWINGS ON THIS LINE OF CREDIT SINCE SUCH RATES WOULD NATURALLY VARY FROM TIME TO TIME ACCORDING TO THE GERMAN MONEY MARKET. ONE OFFICIAL SAID PARENTHETICALLY THAT HE WAS CONFIDENTIAL

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SURE THAT DRAWINGS BY THE VARIOUS CONTRACTING FIRMS

INVOLVED IN THE STEEL PLANT EXPANSION HAD NOT DEPLETED THE CREDIT LINE. THE LOAN, AS PREVIOUSLY REPORTED, IS FOR 12 YEARS WHICH ACCORDING TO THE ECONMIN OFFICIALS IS BEYOND WHAT THE FRG WOULD NORMALLY HAVE OFFERED BUT FELT COMPELLED TO GO THIS FAR BECAUSE OF QUOTE COMPETITION FROM THE FRENCH, BRITISH AND EXIM UNQUOTE.

3. FOR THE THIRD STAGE THE GERMAN GOVERNMENT HAS PROVIDED A GUARANTEE OF \$180 MILLION TO A CONSORTIUM OF GERMAN COMMERCIAL BANKS. THIS ALSO IS FOR A LINE OF CREDIT TO THE BRAZILIANS BUT CARRIES A 10 YEAR MATURITY. HILLENBRAND

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## Message Attributes

**Automatic Decaptioning:** X  
**Capture Date:** 01 JAN 1994  
**Channel Indicators:** n/a  
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**Disposition Case Number:** n/a  
**Disposition Comment:** 25 YEAR REVIEW  
**Disposition Date:** 28 MAY 2004  
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